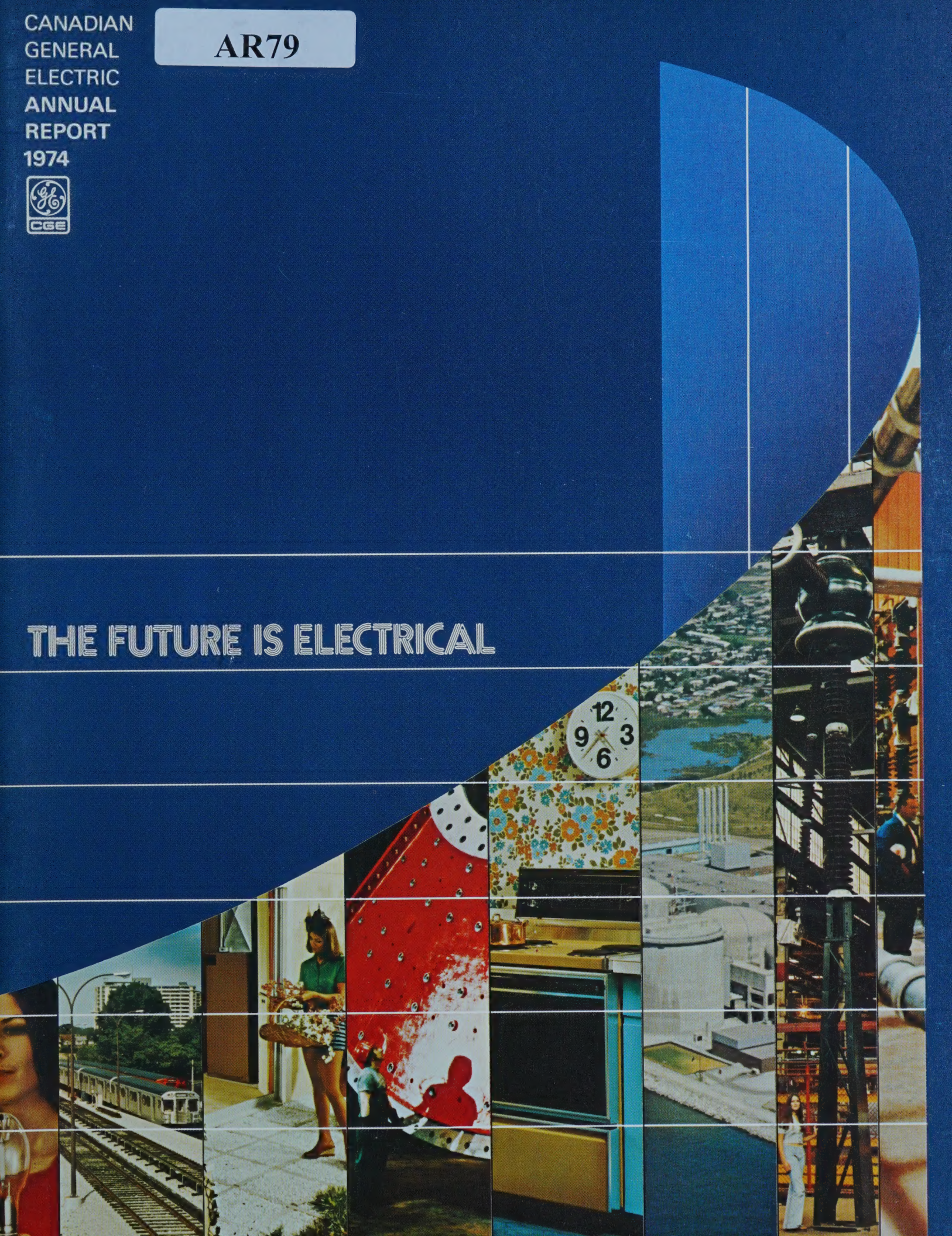


CANADIAN
GENERAL
ELECTRIC
ANNUAL
REPORT
1974

AR79



THE FUTURE IS ELECTRICAL



Distribution of income

In serving its customers at home and abroad, CGE holds itself responsible as a Canadian business enterprise to four major groups : its employees, its suppliers, its shareowners and the public at large.

These diagrams illustrate the distribution of income in 1964 and 1974, and indicate that all groups have benefited from the enterprise over the period with slightly greater percentages going to suppliers and employees.



‘Electricity – carrier of light and power ; devourer of time and space ; bearer of human speech over land and sea ; greatest servant of man ...’
C.W. Eliot

Highlights of operations

| | 1974 | 1973 |
|--|---------|---------|
| Financial | | |
| (Dollar amounts in millions : per-share amounts in dollars) | | |
| Sales of products and services | \$709.9 | \$583.4 |
| Net earnings | 26.0 | 20.8 |
| Earnings as percentage of sales | 3.7% | 3.6% |
| Net earnings per share (a) | 3.18 | 2.54 |
| Dividends declared per share : | | |
| Common | 1.00 | 1.00 |
| Cumulative convertible preferred | 1.25 | 1.25 |
| Plant and equipment additions | 24.8 | 14.2 |
| (a) Assuming all cumulative convertible preferred shares converted to common shares. | | |

| | | |
|--|-----------|-----------|
| Statistical | | |
| Average number of employees | 19 193 | 17 890 |
| Number of shareholders of common and convertible preferred | 1 453 | 1 486 |
| Common shares outstanding at year end | 7 561 257 | 7 560 435 |

| | | |
|--|------------------|------------------|
| Sales by major categories | (in thousands) | |
| Apparatus and Heavy Machinery | \$266 822 | \$215 313 |
| Construction and Industry Supplies | 274 858 | 226 973 |
| Consumer Products | 201 331 | 173 460 |
| Corporate eliminations and unallocated items | (33 098) | (32 332) |
| Total Company | \$709 913 | \$583 414 |

Sales by category include intra-company transactions. To the extent that sales are recognized in more than one category, appropriate elimination is made at the corporate level.

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Canadian General Electric Company Limited



J. Alexandre Béland



John F. Burlingame



Alton S. Cartwright



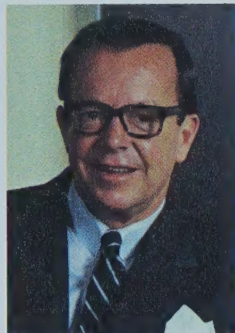
Robert V. Corning



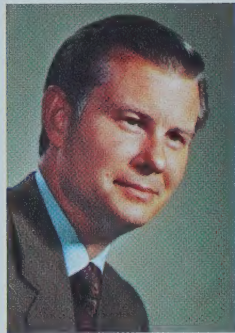
Paul Desruisseaux



Stanley C. Gault



J. Peter Gordon



Edward E. Hood, Jr.



Robert B. Kurtz



William F. McLean



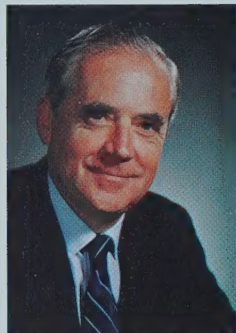
MacKenzie McMurray



Maxwell C. G. Meighen



Denis W. Timmis



Walter G. Ward



Alva O. Way

Board of Directors

The Board of Directors represents a wide range of experience and leadership in industry, business and finance. Members of the Board are listed at right, with the year they were elected to the Board shown in parenthesis.

Following a practice instituted in recent years, the Board has met in a number of locations outside corporate headquarters as part of a program to familiarize Directors with Company facilities and activities. Such a meeting was held in 1974 in Winnipeg to coincide with that city's Centennial celebrations.

J. Alexandre Béland, President,
The Empire Shirt Manufacturing Company Limited,
Louiseville, Quebec. (1958)

Paul Desruisseaux, Q.C., Chairman and President,
Desmont Research & Development Inc.,
Montreal, Quebec. (1964)

MacKenzie McMurray, Chairman of the Board,
Dominion Bridge Company Limited,
Montreal, Quebec. (1966)

Maxwell C. G. Meighen, O.B.E., Chairman of the Board,
Canadian General Investments Limited,
Toronto, Ontario. (1966)

William F. McLean, President, Canada Packers Limited,
Toronto, Ontario. (1967)

Robert V. Corning, Vice President and General Manager,
Lamp Business Division, General Electric Company,
Cleveland, Ohio. (1967)

Walter G. Ward, Chairman of the Board
and Chief Executive Officer,
Canadian General Electric Company Limited,
Toronto, Ontario. (1968)

Stanley C. Gault, Vice President and Group Executive –
Major Appliance Business Group, General Electric Company,
Louisville, Kentucky. (1970)

Robert B. Kurtz, Vice President and Group Executive –
Industrial and Power Delivery Group,
General Electric Company,
Fairfield, Connecticut. (1972)

Alton S. Cartwright, President,
Canadian General Electric Company Limited,
Toronto, Ontario. (1972)

Edward E. Hood, Jr., Vice President and Group Executive –
Power Generation Business Group, General Electric Company,
Fairfield, Connecticut. (1972)

John F. Burlingame, Vice President and Group Executive –
International and Canadian Group, General Electric Company,
Fairfield, Connecticut. (1973)

Alva O. Way, Vice President – Finance,
General Electric Company,
Fairfield, Connecticut. (1974)

J. Peter Gordon, President and Chief Executive Officer,
The Steel Company of Canada, Limited,
Toronto, Ontario. (1974)

Denis W. Timmis, President and Chief Executive Officer,
MacMillan Bloedel Limited,
Vancouver, British Columbia. (1974)



Comments of the Chairman :

Canadian General Electric realized continued growth in total sales and net earnings in 1974. This growth was broadly based across all Divisions of the Company.

Net earnings per share, assuming full conversion of preferred shares to common, were \$3.18 in 1974, against \$2.54 in 1973 and \$2.27 in 1972.

Sales totalled \$710 million, 22 per cent greater than those of the previous year, and net earnings of \$26 million in 1974 were 3.7 per cent of sales, compared with 3.6 per cent of sales in 1973. Overall, prices for CGE products and services did not keep pace with the high rate of inflation in costs in 1974. However, the heavy water plant reached its designed level of production, and this improvement from 1973 more than offset those increases in the Company's total costs of production.

Direct and indirect export sales in 1974 were \$61 million, up 25 per cent from 1973.

Distribution of the income the Company had available in 1974 for allocation among the several groups involved was as follows : 32.7 per cent to employees in the form of wages, salaries and benefits ; 57.6 per cent to the suppliers of materials and financial services ; 3.5 per cent to governments in the form of taxes ; 1.2 per cent to the shareholders as dividends ; and 5.1 per cent to be

retained for investment in the modernization and expansion of the Company's operations.

New orders received in 1974 were, for the first time, in excess of one billion dollars. The Company ended the year with unfilled orders worth \$942 million, in current dollars, of which \$379 million are for delivery in 1975.

The performance of CGE's three major Business Divisions in 1974 was among the most satisfactory in the 82 years of the Company to date. Each made gains in total sales, net earnings and new orders received, across the Company's broad range of business activities. The Directors wish to express their appreciation to those who have been a part of this record of achievement.

Highlights of the year's operations include receipt of an order by the Apparatus and Heavy Machinery Division from the James Bay Energy Corporation for eight 370 MVA hydro-electric generators. This Division also added to its coast-to-coast apparatus servicing capability with a new service facility in Burlington, Ontario.

For its part, the Company's Transmission and Construction Products Division concluded a \$20 million agreement with the British Columbia Hydro Commission to provide a high-voltage, direct-current link between Vancouver Island and the mainland. A further highlight of 1974 was a substantial increase in output of electric baseboard heating, in response to the growing demand for electric home heating. Arrangements made by the Consumer Products Division to supply self-ballasted lighting systems to General Electric worldwide in 1975 constitute still another major highlight of the year.

The strategic business planning functions of Corporate management were given renewed emphasis in 1974. A Corporate planning and development component was established to focus on the long-term profitability and growth of the enterprise in existing areas of competence and in new, advanced technologies

Approval by the Federal Cabinet empowering Atomic Energy of Canada to negotiate with the Company for the purchase of CGE's heavy water plant at Port Hawkesbury, Nova Scotia, was an important step taken in 1974. This will consolidate national integration and control of the associated technology for heavy water production under a public agency. CGE will continue to play an active role in Canada's nuclear power programs and the development of nuclear electric technology, as typified by the Canadian CANDU reactor. This role has called for expenditures by the Company of over \$200 million since 1955.

1974 saw the creation of an Energy Conservation Council within the Company. Energy-cost savings due to this program were over half a million dollars, and for 1975 the target is almost one million dollars.

As the year closed, business prospects were mixed. In 1974, all the major industrial nations encountered simultaneously high rates of structural inflation and low or negative rates of real economic growth. It will be some time before a solid recovery becomes evident in both domestic and export markets. Since CGE supplies products and services to most sectors of the Canadian economy and is active in export markets, the impact of a general economic slowdown will be felt by most of the Company's operations.

Many large capital projects, already committed and well underway, should give momentum to the Apparatus and Heavy Machinery Division and to some components of the Transmission and Construction Products Division in 1975. The decline in sales of consumer durables and reduced industrial and residential construction activity will affect the Consumer Products Division and segments of the Transmission and Construction Products Division.

Continued high costs of borrowing, affecting many of CGE's customers, will reduce growth in the Company's light and medium industrial markets.

Serious, unresolved deficiencies exist in the incentives and general environment for risk capital formation and these, if prolonged, will make it impossible to develop the growth in productivity that is essential to counter the rising overall costs of doing business.

Distribution of the Company's income to employees, governments and the suppliers of materials and services continues to take a large proportion of total income, and is in contrast with the small share available for suppliers of risk capital and for reinvestment. This, during a period of rapid inflation in the costs of replacements and additions in plant and equipment, should be a matter of great concern to the public, their governments and the business community.

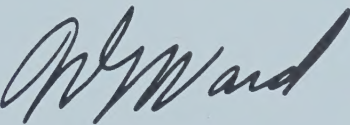
If this problem of adequate flow of funds for capital formation can be resolved, the long-term outlook is bright for those industrial enterprises that supply products and services for the generation, transmission and use of electricity, in Canada and abroad.

Demand for electricity in Canada is expanding almost a half again as fast as the demand for all forms of energy at point of use. Today, about 20 per cent of the energy we use in Canada is in the form of electricity. In 25 years that proportion will rise to 40 per cent, and within 75 years could pass the 90 per cent mark. By the year 2000, it is conservatively estimated that the demand in Canada for energy transformed into electricity will be close to six times what it is today. Over the next ten years, according to the Federal Government, Canada will need \$50 billion in new capital commitments alone to keep up with this growing demand for electricity.

All over the world, electricity is being used in more and more ways to maximize the productive use and long-term conservation of all our different energy resources. This is appropriate, for electricity is the most versatile form of energy we have, both in the number of ways it can be used and in the number of sources from which it can be produced. More than any other form of energy, electricity is cheap, clean, safe, efficient and flexible. The future is clearly electrical. Plainly, there are formidable challenges and opportunities for Canada's electrical manufacturing industry. Canadian General Electric stands prepared to make major contributions in the years ahead, as it has in the past.

In 1974, Mr. Harold M. Griffith retired from the Board, and the Directors would like to express their gratitude for his six years of valuable service. We also welcome Mr. J. Peter Gordon and Mr. Denis W. Timmis to the Board. In addition, we thank all employees of CGE for their substantial contributions to the Company's success.

On behalf of the Board of Directors



Walter G. Ward
Chairman of the Board and Chief Executive Officer
Toronto, March 14, 1975



The future is electrical

The disclosure by the National Energy Board that Canada will not be self-sufficient in oil resources by 1982 has surprised many Canadians.

It is a situation of special concern, because the high standards of living we enjoy today are largely the result of the many ways in which we use energy. In broad terms, industry requires 36 percent of all our energy, residential and commercial uses account for 35 per cent, and transportation takes 29 per cent.

Most of industry's use of energy is for direct heat and process steam, and much of it comes from gas and oil, with a small part from electricity. Most residential and commercial energy – largely from oil and gas – is also used for heat. (People who think of energy conservation mostly in terms of 'turning off the lights' might be surprised to learn that less than five per cent of electricity goes for all forms of lighting.) Almost all of the energy used for transportation – by railways, autos, trucks and aircraft – comes from petroleum.

One answer to the oil shortage is to reserve our non-renewable resources for those uses for which there are no alternative energy sources, and to convert to other energy forms where these are available and practical. For example, a vital use of petroleum by industry is as a chemical feedstock in making a vast array of everyday products; some oil supplies should be reserved for that purpose. And since there doesn't appear to be an alternative fuel for aircraft, petroleum should also be reserved for this purpose. For many other industrial, residential and commercial, and transportation energy needs there is an alternative form of energy that is in good supply now and will be in the future.

That form of energy is electricity.

Today, electricity is used to meet twenty per cent of the country's energy demands. By the end of the century, that proportion will have risen to forty per cent.

And authoritative projections indicate that electricity could, by the year 2050, be providing ninety per cent of all Canada's energy requirements, as a result of the continuing development of the "electrical society".

Electricity is versatile ; it is readily converted into heat, light, mechanical and chemical energy. Almost three quarters of present-day electricity comes from sources that aren't suitable for very much else : coal, uranium and hydro, and the first two of these are the ones in greatest supply (there is enough coal on this continent to last for at least 500 years). Finally, the more exotic energy sources – solar, tidal and fusion – are generally envisioned as ways to eventually generate electricity.

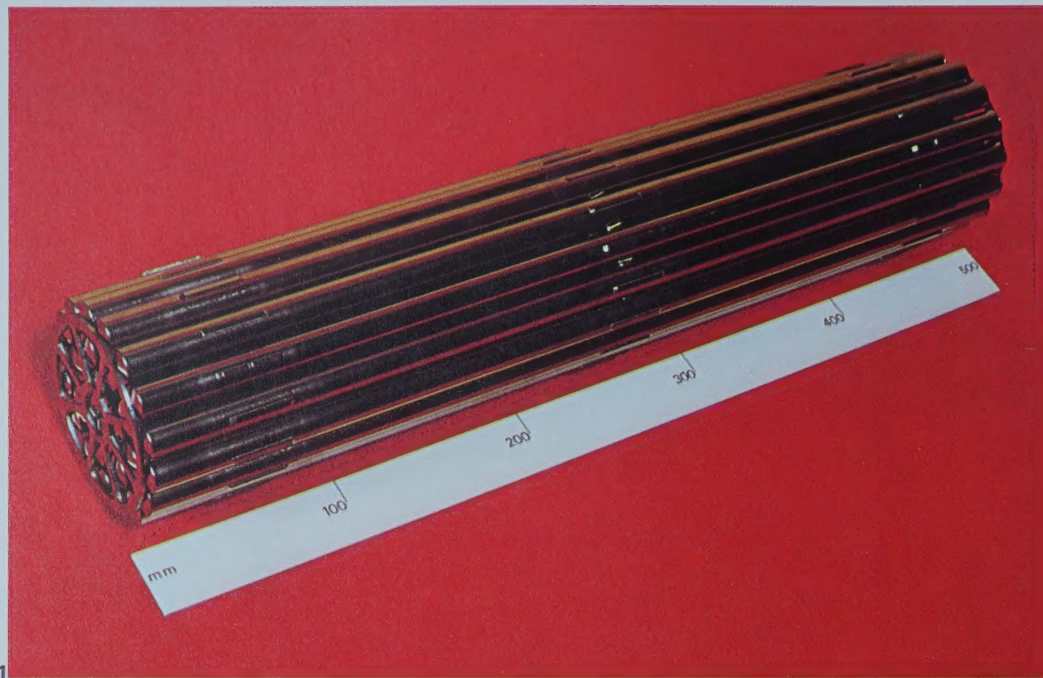
Currently, British Columbia has abundant undeveloped hydraulic resources . . .

Alberta and Saskatchewan have readily available coal for steam generation of electricity . . . Manitoba can rely on the Nelson River until 1990 . . . Ontario is to spend \$40 billion to expand generating capacity in the next 12 years, much of it for nuclear stations, as well as for transmission and distribution equipment . . .

Quebec will have power from Churchill Falls, James Bay and nuclear stations . . . Newfoundland and Labrador have significant water power resources available for development . . . and the Maritime provinces are involved in generating most of their power with steam, using fossil fuels.

According to some authorities, by any measure the best answer to our country's growing need for electricity in the years immediately ahead is the nuclear reactor. Two decades ago, Canadian General Electric became the first member of Canada's industrial complex to be involved, from planning through to com-





missioning stage, in the first Canadian nuclear power plant, at Rolphton, Ontario.

Now uranium-sourced power promises to account for a large portion of Canada's electricity by the 1980's, and to be the base for the electric economy of the future.

One reason is that, while nuclear plants cost more to build than conventional plants, one cent's worth of fuel in a nuclear power plant will produce 14 kilowatt hours of electricity, cheaper than any fossil fuel. In addition, nuclear fuels are small in bulk and easy to transport. This permits building of power plants near population centres and industry where electricity is needed, with a consequent reduction in transmission costs.

At one time the public was concerned about the safety of nuclear plants, but that worry is diminishing, perhaps because in 20 years no single member of the public has ever been injured through the shipment or use of radioactive material in generating electricity.

Without waiting for an energy crisis, electricity has been proving its versatility in numerous ways. In industry, for example, electricity has been taking over such heat treating processes as annealing, hardening or tempering of material, providing heat for steel furnaces, and producing process steam.





1. Electricity from nuclear sources will provide a rising proportion of Canada's power needs. This Zircaloy fuel bundle for a CANDU reactor will produce as much heat output as 100,000 gallons of oil.

2. Advances in circuit breaker technology are exemplified by this 50-foot-high air blast breaker module, designed and built at Peterborough for Canadian and world markets.

3. This 600-ton, 750 MVA power transformer, shipped in 1974, is the largest in weight and capacity yet built at the Guelph power transformer plant.

3



1. The new lights the old at this gate in Quebec City. Ever more efficient outdoor lighting systems are finding increasing applications for road, area and decorative lighting.

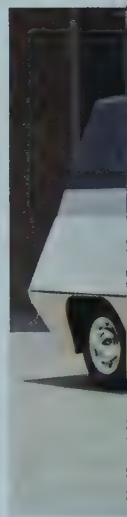
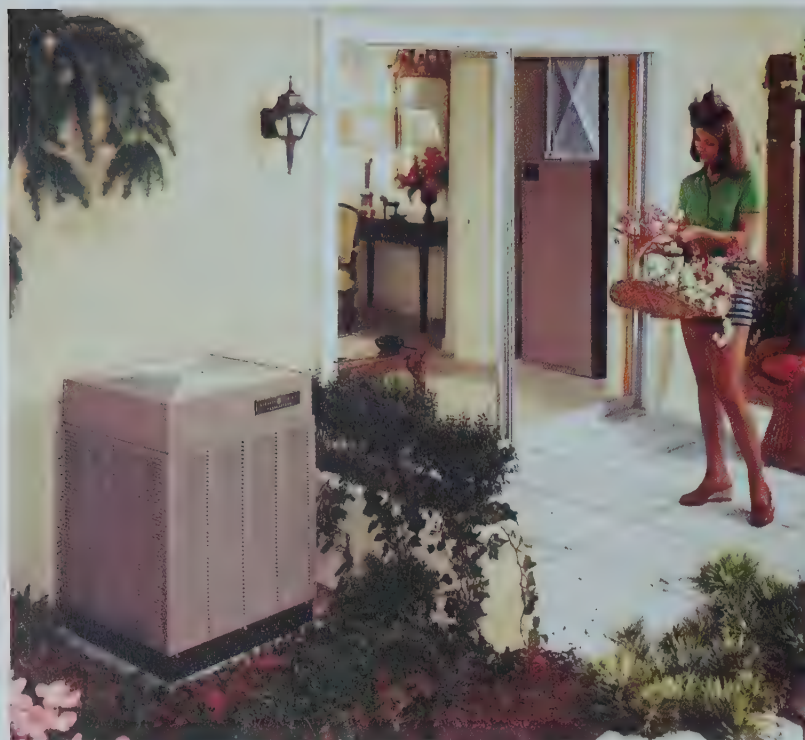


2. Microwave oven cooking — full flavored food in less time — the today product suited to the demands of tomorrow.



3. Cobalt/rare earth magnets, like the one holding the big wrench, are now being produced by the Company. Two to three times more powerful than any previously known, they can replace bearings in some types of electrical rotating equipment, among other applications.

3



Growing use of electricity for transportation by interurban trains, urban subway and surface vehicles and perhaps, in the future, by electric cars, will conserve scarce fossil fuels. The car shown here is a General Electric experimental electric vehicle, designed to test battery systems, electronic controls, motors and other components.

The heat pump is a flameless electric source of cooling in summer and heating in winter.



In the residential/commercial sector where the major energy use is for heating and air conditioning, a single device – powered by electricity – is now providing both heating *and* cooling. It's a heat pump. In cold weather the heat pump extracts heat from the outdoor air (there is always some heat in the air, no matter how cold it seems), adds it to the electric heat energy developed within the system itself, and delivers both inside the building. In hot weather the cycle is reversed, with heat from inside being discharged outdoors. Used on a seasonal basis, the heat pump supplies about twice the heat equivalent of its kilowatt hours. Used for heating, it requires only the same fuel energy at the power plant as would be required if that fuel were burned in the home. Used for cooling, the heat pump performs at efficiency levels above the industry average for central air conditioning systems of similar capacity.

In the transportation field there are two factors affecting our use of precious fuel: insufficient use of mass transportation, and the need for an alternative to the internal combustion engine.

Railway electrification, particularly on high-density lines, can provide important economic advantages to railroads, as well as save millions of gallons of diesel fuel annually. In fact, greater use of railways for passengers and freight service will be essential in moving towards more efficient use of energy resources.

Electrification of urban and interurban mass transit systems will not only reduce problems associated with traffic congestion and the need for road construction, but also the problem presented by motor vehicles' use of gasoline and fuel oil.

However, most people's idea of mass transit is driving down an empty highway while everyone else takes the train. That simply means the automobile is here to stay and that an alternative to the gasoline engine is necessary. The electric vehicle is already making small inroads in the form of specialized trucks, vans and small cars. And with improved technology and new

kinds of in-city traffic patterns, the electric car will likely become important for shopping and in-town driving. Still, the electric highway car awaits a substantial breakthrough in electrical energy storage – better batteries.

As a result of the energy situation, Canada, the United States and other industrialized nations are clearly embarked on a new period of technological change in which electricity will get a new look for its potential as a clean, flexible, economical solution to our energy needs.

Fortunately, there is a tradition of more than 80 years of close cooperation between Canadian electrical manufacturers and utilities. This relationship has served Canada well. It could prove to be one of the country's greatest strengths in the years to come.

We'll never run out of electricity if we plan ahead . . . if we make the wisest possible use of all our present and future fuels . . . if we keep building more power plants beyond those already planned . . . and increase research into the many ways electricity can assume the major energy burden of an expanding economy.

Corporate Officers



Chairman and Chief Executive Officer Walter G. Ward with Corporate Headquarters Officers. From left, seated, Ivan R. Feltham, Vice President – Law, Chester A. Rose, Vice President – Finance, President Alton S. Cartwright, Reginald D. Richardson, Vice President and Corporate Executive – Planning and Development.

In 1974, to accelerate our strategy formulation and decisions on longer term growth, a Corporate Planning and Development component was established reporting to the Chief Executive Officer. As well, product business and sales organization realignments were made in order to increase market integration of related businesses and better balance size and scope of the three Divisions of the Company. In addition, CGE's rapidly growing supply sales and distribution business now reports directly to the President as the newly constituted Gescan Department.

Walter G. Ward
Chairman of the Board
and Chief Executive Officer

Reginald D. Richardson
VP—Corporate Executive
Planning and Development

Ivan R. Feltham, Q.C.
VP and General Counsel

Chester A. Rose
VP—Finance

Victor L. Clarke
VP—Corporate Strategic Planning
and Review

Alan G. Trites, Q.C.
VP and Secretary

V. Gerold Staffl
Controller

Richard C. Johnston
VP—Corporate Technology Planning
and Development

William J. Briggs
Treasurer

Operations

Alton S. Cartwright
President

William R. C. Blundell
VP and Division Executive
Apparatus and
Heavy Machinery Division

Robert T. E. Gillespie
VP and Division Executive
Consumer Products Division

William D. Rooney
VP and Division Executive
Transmission and Construction
Products Division

David F. Abel
General Manager
Power Generation Department

Russell M. Baranowski
General Manager
Housewares Department

Archibald F. Johnston
VP and General Manager
Gescan Department

Richard T. Martin
General Manager
Communications Systems
and Services Department

L. Robert Douglas
VP and General Manager
A & HM Sales Department

Francis Moskal
VP and General Manager
Major Appliance Department

Walter E. Noble
General Manager
Chemical, Metallurgical
and Plastics Department

Max Drouin
VP and General Manager
Dominion Engineering Works

Robert Story
VP and General Manager
Lamp Department

D. Forrest Rankine
VP and General Manager
Power Delivery Department

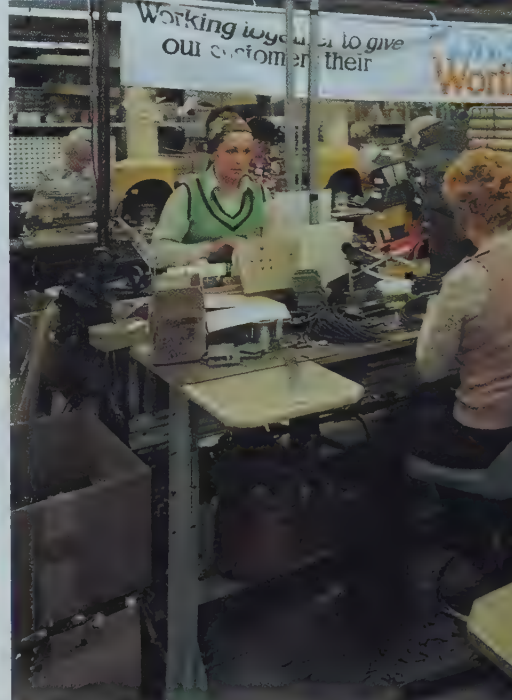
Merritt E. Gordon
General Manager
Industrial Apparatus Department

Robert S. Thompson
VP and General Manager
Construction Products Department

Stanley R. Adamson
VP and Consultant

Douglas R. Brown
VP—Corporate Employee Relations

Robert N. Fournier
VP—Corporate Customer Relations





2

1. The "Up with People" cast visited Toronto's City Hall as part of their tour of five CGE plant communities.

2. Employees assemble mobile two-way radios under the "Working Together" banner.

Canadian General Electric is people

'A social organism of any sort whatever, large or small, is what it is because each member proceeds to his own duty with a trust that the other members will simultaneously do theirs. . . . A government, an army, a commercial system, a ship, a college, an athletic team, all exist on this condition, without which not only is nothing achieved, but nothing is attempted.'

— William James *'The Will to Believe'*

It is on this principle that Canadian General Electric has built one of Canada's most creative and productive teams. This has been achieved by attracting high calibre people throughout the organization and by trying to provide for them a working climate that encourages each individual to develop his or her abilities to the fullest.

The skills and experience of this multi-talented team is ready to make a full contribution to accept the challenge to broaden electricity's span of service and accelerate the shift to an electrical economy.

As one example during 1974, all employees participated in a program called "Working Together To Give Our Customers Their Money's Worth."

This "Working Together" program embraced many activities and was enthusiastically supported by employees at all levels wherever they served in the basic functions of manufacturing, engineering, marketing, finance or relations.

The overall aim was to improve individual and team performance to create added values and provide better service for customers.

The program also urged employees to make use of the Company's Suggestion Plan to suggest better ways towards these ends, and to improve productivity and safety performance.

Not only was employee involvement a prime objective, but also the active participation of employees' families. An essay contest for employees' children, for example, brought several hundred entries from across Canada describing "Electricity, The Essential Energy." Four winning youngsters in different age categories were each awarded six shares of Company stock.

One unique aspect of the program deserves special mention. The Company arranged for an international musical group of more than 100 enthusiastic young people — called "Up With People" — to perform before employees, their families and community groups in five Ontario centres where the Company has major facilities.

The group members were billeted in more than 500 employees' homes. They found it a pleasure to host these dedicated young people, who have given a year of their lives to reminding us that the world is people — and that people are more important than nations, ideologies, colour and creed.

Overall, nearly 2,000 Company people were involved in the "Up With People" program — a classic example of working together to make an undertaking a success.

This same spirit of cooperation and teamwork is evident in the work place. It will stand the Company in good stead as Canada moves further into its second electrical century.

Apparatus and heavy machinery division

Orders for power generation equipment and high-technology capital goods for heavy industry continued at a high level in 1974. Export business in these product areas also maintained a consistently high level.

Orders from utilities for a wide range of power generation units reflected rapidly increasing national and international needs for electric power. Among the orders were several large ones for steam turbine generator sets and hydro-electric turbines and generators for generating stations in various parts of Canada.

Ontario Hydro ordered four 500,000 KW steam turbine generators and boiler feed pump turbines for its Wesleyville Generating Station. These units are duplicates of the equipment which the Division is supplying for the Ontario Hydro Lennox Generating Station near Bath, Ontario. Manitoba Hydro followed up its 1973 order for Dominion Engineering hydraulic turbines for its Long Spruce Project with an order for ten 150 MVA hydro-electric generators for the same station.

Another large power generation order included eight 370 MVA hydro generators and turbines for the James Bay Energy Corporation. The hydraulic turbines for this order will be built by Dominion Engineering and the generators will be manufactured at the Peterborough Plant.

Also in the area of utility equipment, an important order was received for 64 primary coolant pump motors for Ontario Hydro's Pickering B nuclear power plant.



William R. C. Blundell
Vice President and Division Executive

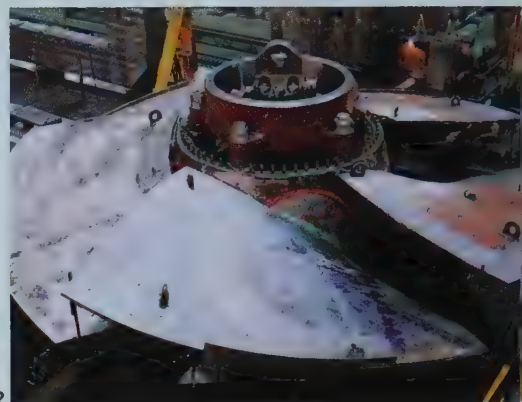
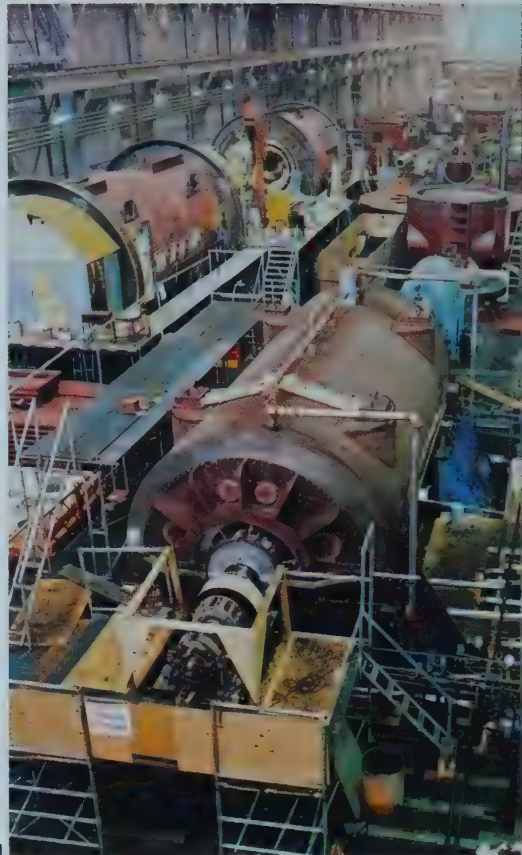
These 1,900 h.p. vertical induction motors are custom-designed for pumping heavy water in nuclear generating stations.

The year 1974 was a busy one in the Company's gas turbine business. Orders received included two 25,000 KW gas turbine generator sets for installation at Kitimat, B.C., and two 25,000 KW sets for the Syncrude project in Alberta. Two similar size units were exported to Peru.

During the year, two major export installations were under way. Two 160 MVA hydro-electric generators were started up at the Furnas power plant in Brazil, and the installation of three 126 MVA hydro-electric generators and turbines neared completion at Alto Anchicaya in Colombia.

The largest order ever received by the Company for industrial machinery was that for the total mechanical and electrical equipment for the Steel Co. of Canada's hot strip mill at Nanticoke, Ontario. This order will require full integration of the engineering skills and know-how of the Division.

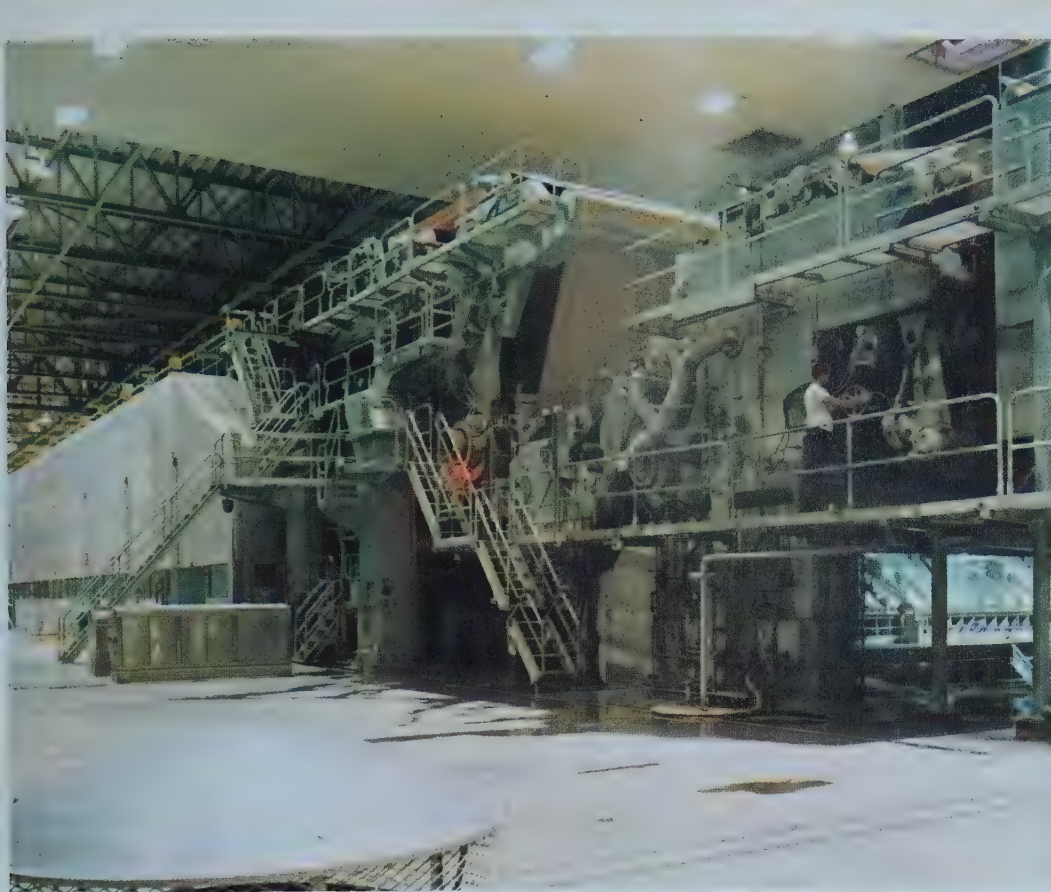
Paper machinery installations in 1974 included a Papriformer-equipped, 326" wire width, newsprint machine for Southland Paper Mills, Houston, Texas, and a Papriformer-equipped, rebuilt newsprint machine for Garden State Paper Co., Inc., Garfield, N.J. Papriformer orders were



1. In the foreground steam turbine generators take shape in the Peterborough plant's main machine shop. Hydro-electric generators are in the background.

2. The runner for a 268,000 h.p. hydraulic turbine being fabricated at Dominion Engineering Works, Lachine.

3. Head section of a 6,500 h.p. autogenous grinding mill being built at DEW.



received from F. F. Soucy Inc., Rivière du Loup, Quebec, and Consolidated Bathurst Limited.

Aggressive marketing planning by Dominion Engineering led to a record year in 1974 for orders for ball mills for new mining ventures. More than 90 per cent of commitments received were for the export market and mills will be supplied to purchasers in Iran, Mexico and Brazil as well as to Canadian mines. Many of these mills will be equipped with motors in the 4000-4500 h.p. range manufactured at Peterborough. Grinding mills are key items of mining equipment, designed for the utmost in reliability and continuous operation.



1. The Papriformer papermaking machine built by DEW and installed last year at a Texas newsprint mill.

2. Welding a stator frame for a hydro-electric generator at the Peterborough plant.

Transmission and construction products division

The year 1974 was one of unparalleled challenge and achievement for the Division in spite of material shortages and inflationary costs.

The Division made a significant contribution to Canada's quest for a bright electrical future in successfully securing and filling some of the largest orders in its history.

Outstanding among these was the delivery to Ontario Hydro's Nanticoke Station of the first of four 750 MVA 500,000-volt power transformers, the largest the Company has ever built. Following the successful high voltage direct current installation at Eel River, N.B., which established the Company as Canada's leader in HVDC technology, a \$20 million order was secured from B.C. Hydro for an HVDC terminal, to be part of a project to link Vancouver Island with the B.C. mainland.

In the export field, the Division obtained an order from the Tennessee Valley Authority for seven 550 KV air blast breakers, to be built to a new Canadian design.

Typifying its wide product scope, the Division was also active in introducing a number of new designs for much smaller devices, including digital range timers and residential service entrance panels. 1974 was also a good year for wire and cable activities. A particularly popular product was the flexible armoured Teck cable, used today in almost every type of industry from mining to light manufacturing.

Orders for communications products and services continued at a high level, reflecting the Company's strength in this highly competitive market. The Division has established a clear leadership role as a supplier of modern police communications. Following successful installation of a highly sophisticated computerized system for the Metropolitan Toronto Police Department — a world first — orders were received to re-equip the Quebec Provincial Police and several other regional police forces in Canada. The RCMP also continues to be a major customer for mobile radios.

Sales of TerminiNet® data communications terminals continued to increase in 1974. Several thousand are now in use by business, government and public institutions across the country.



William D. Rooney
Vice President and Division Executive

The Division's non-electrical products were also in great demand. For example, the largest-ever single order for nearly 100 miles of fibre re-inforced epoxy duct was shipped from the St. Andrews Plant in Quebec to Saudi Arabia for installation at the New Jeddah International Airport.

Of special interest also was that CGE Silicone Construction Sealant was specified for the biggest weatherproofing project of its kind in North America — the Bank of Montreal's First Canadian Place in Toronto. When completed, this structure will be the largest building in Canada and the largest bank building in the world. Sales of engineered plastic parts from the Cobourg Plant established a new record in 1974, with exports accounting for 30 per cent of the total.

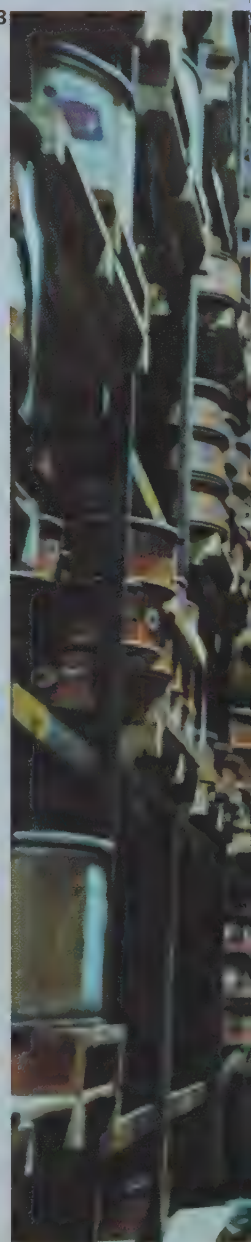
A total of \$8.5 million was re-invested in the business for capacity increases and productivity improvements. Noteworthy among new equipment purchases were :

- Three numerically controlled vertical machine centres and an electronic co-ordinate measuring centre in the Switchgear Operation at Peterborough
- A \$150,000 400-ton, straight-sided punch press and a \$50,000 coil steel, cut-to-length line which saves one million pounds of scrap steel annually, both installed at the Amalgamated Electric Plant in Markham, Ontario, and
- A new 150-ton case press at the Davenport Plant in Toronto.



1

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1. Attractive in appearance and virtually unbreakable, this Lexan® plastic sheet covers a walkway over a street between Calgary's courthouse and police headquarters.

2. Installation crews position a Peterborough-built oil circuit breaker at a Quebec sub-station.

3. Magnet wire storage at Peterborough. Its manufacture is a large part of the Company's Wire and Cable operation since it is one of the basic components of most types of electrical apparatus.

4. CGE luminaires and Lucalox® lamps illuminate the vast Fraser Surrey Container Terminal in British Columbia. The electrical equipment on the cranes was also supplied by CGE.



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Consumer products division

The Division experienced a most satisfactory year, despite a slow-down in retail sales during the last quarter. Confidence in the future was indicated by continued expansion of production facilities and of consumer products as well as an advertising and customer relations program with the positive theme "Working To Give You Your Money's Worth."

Substantial growth was achieved by housewares in 1974 with sales increases in all product groups. Product changes were kept to a minimum in order to maximize production and maintain efficiency. At the same time manufacturing facilities were increased and improved.

A major consumer requirement in 1974, resulting from the fossil fuel situation, was for more versatile, economic home heating. In satisfying this need, the Division greatly expanded heater output and introduced a new line of convector baseboard heaters, featuring Calrod heating elements, finned heat-exchangers, and reverse heat flow for tip-over safety.

Personal care products, including the Zoom'n Groom Power Dryer, and the Zoom Plus Dryer/Detangler, proved popular with consumers.

Major appliances had another year of vigorous growth with further gains against competition in a strong demand market. Business priorities centred on innovative design to improve quality, increase appliance value to the consumer, and to offset rapidly rising labour and material costs.

An investment of over \$600,000 in tooling and equipment resulted in start-up of integrated dishwasher manufacturing in Montreal, thereby giving design control in

serving the Canadian market. A new, large-capacity Canadian-made 20.2 cubic-foot refrigerator with top freezer was also introduced, furthering the Division's lead in new product innovation. During the year, significant changes were also made to the washer/dryer line resulting in more competitive products.

New home entertainment products were introduced in 1974. These included a new 10-module chassis for 26" consoles, and a new 7-module chassis for 14" and 18" consoles. Incorporated are the latest features of modular solid state design, energy-saving operation, dependability and easy servicing.

A strong sales year was also experienced in audio products, as a result of a broader selection of radio models and the introduction of a new line of portable phonographs.

Lamp sales continued at a high level in 1974. Of special significance were negotiations concluded during the year on a \$1 million contract whereby self-ballast mercury lamps will be supplied to the total General Electric organization in 1975.

Two new wattages were also introduced in Lucalox lamps—100 watt and 150 watt. These open up a new market for residential street and area lighting with replacement of present less efficient incandescent installations.

Outstanding examples of Lucalox lamps applications were major installations at the Fraser-Surrey Container Terminal, Vancouver, and 1,800 Lucalox lamps in a Chrysler truck assembly plant at Windsor, Ontario.

In response to heavy demand during the year, production of photographic Magi-cubes was stepped up at the Dufferin Lamp plant. And, at the Oakville East plant, a uniquely-Canadian process refinement was made in the heat treating and formation of glass parts in the manufacture of incandescent light bulbs. The new process results in reduced scrap and energy consumption.

The biggest radio and television advertising program in its history was mounted by the Division during 1974. A \$1 million campaign included eight weeks of 60-second radio commercials



Robert T. E. Gillespie
Vice President and Division Executive

from February 11 to May 4, which reached up to 75 per cent of Canadians in Canada's 13 major markets more than 15 times.

Beginning the end of September and running for the 11 peak sales weeks until Christmas, seven 30-second TV advertisements appeared about 2,000 times during the promotion period and reached 95 per cent of all adults in millions of homes in the same major markets. Both used the theme "Working To Give You Your Money's Worth."

The Division's Distribution and Financial Services Operation in 1974 placed its primary emphasis upon the establishment of a national organization, comprised of three regions—Eastern, Central and Western—and the acquisition of new or improved facilities. Division-operated distribution centres were established in improved, efficient facilities in seven provinces.

1. This full-feature clock radio with electronic snooze alarm affords efficient wake-up time control.

2. This color module stereo phonograph has a matching free-form stand and dust cover.

3. The Lucalox lamp, one of the most efficient white light sources available today.

4. Canada's largest top mount refrigerator freezer offers a 6.2 cubic foot freezer and 14 cubic foot fresh food section. Matching self-cleaning range saves the drudgery of hand cleaning a messy oven.

5. Color TV combines the most advanced features in the industry, 100 per cent solid state, modular chassis, 3-function remote control, electronic tuning and negative black matrix picture tube.

6. The Zoom'n Groom® power dryer is an example of the many new products introduced for the rapidly growing personal care market.

7. This unique self-cleaning iron played a major role in the record sales achieved by the Housewares Department in 1974.



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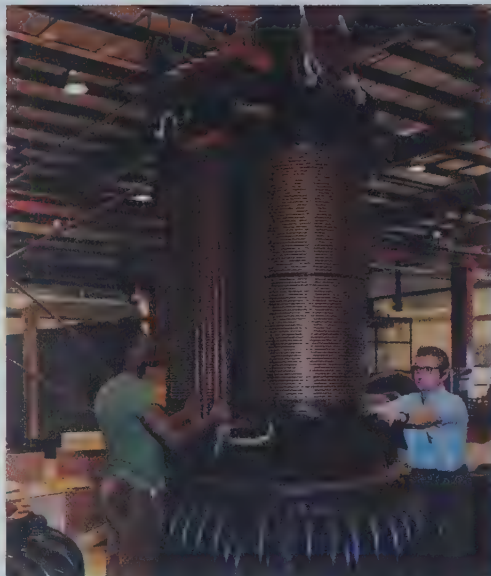


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Emerging businesses

In addition to its 'core businesses' the Company has identified a number of venture opportunities on which it can effectively bring to bear its human, physical and financial resources. Identification and development of these provides not only growth for the Company, but better products and services to a wide and increasing number of customers.

Five of these 'emerging businesses' are described on these pages.



Apparatus service

The Company's Total Apparatus Service concept includes such activities as installation, start-up and commissioning, maintenance, training, renewal parts, repairing and rebuilding.

Coast-to-coast Apparatus Service Shops provide high-quality maintenance and warranty service for a wide range of electrical apparatus equipment.

Particularly significant was the opening last September of a new \$1.5 million apparatus service shop in Burlington, Ontario (photo). With an area of 21,560 square feet, it is one of the finest facilities in the apparatus servicing industry. Its long list of equipment includes a 72" vertical boring mill, 35-ton, 12-ton and 5-ton cranes, and a 20,000-pound balancing machine.

Before the end of the year this new facility had rewound two 6,000 h.p. armatures for a steel mill, and rebuilt trolley coach electrical equipment for use in Vancouver and Edmonton.

Gescan

Of special interest to many customers was the formation of Gescan, an organization designed to handle distribution of Company products that normally flow to the market through wholesale distributor channels. Gescan also distributes selected supplier products that complement Company offerings so that customers are offered a complete package of electrical products (photo).

Gescan now distributes this wide range of products through a network of 50 locations coast to coast, serving electrical construction, industrial repair, maintenance and overhaul, and related markets.

Gescan enables the Company to provide even better service to its customers by providing technical information, local inventories, reduced paperwork and greater speed of delivery.



Electric heating

With petroleum fuel resources dwindling and prices for these fuels rising (by 1979 it is estimated that the cost of oil will have increased by 250 per cent and natural gas by 175 per cent), the use of electricity will become more prevalent as much of Canada's needs are generated from hydro as well as nuclear sources.

This being the case it is anticipated that many applications for residential and industrial heating will gradually switch from oil, coal and natural gas to electricity in the not too distant future.

This trend has already started. For example, electric heating was installed in 35 per cent of new residential construction in 1974, up from 30 per cent in 1973.

To meet this growing demand for electrical comfort heating products, the Devices and Industrial Heating Section in 1974 expanded its manufacturing facilities for baseboard heaters (photo) at the Division's Davenport plant in Toronto.

Consumer products service

Expansion of Consumer Products Service facilities was particularly apparent in 1974. Included was the introduction of home service on major appliances and television units to Peterborough and surrounding communities. Home service by Company technicians is now available to over 60 per cent of the Canadian population.

During the year this organization extended its program of offering the consumer additional protection on major appliances and television products through the sale of extended warranty contracts.

At the same time, new carry-in appliance service stores were opened in north-central and north-west Toronto (photo) as a convenience to the general public.

Consumer Products Service introduced a new approach to training service technicians to full productivity in half the usual time. The high number of new technicians required by the expanding service organization necessitated the development of the Company's own training program.

Instruction of trainees of varying backgrounds is streamlined through stages of shop and field apprenticeship and individual tutoring, culminating in a newly developed one-week course held at Toronto or Montreal. Last year, 47 new technicians graduated from the course.

Genelcan Limited

During 1974, a new name, Genelcan Limited, entered the commercial-industrial funding market. Formed by CGE as a wholly owned subsidiary, the new organization provides a continuing source of funds to assist Canadian business in modernization, expansion and growth.

Genelcan's varied financial services include purchase credit, leasing of capital assets (photo), working capital loans, inventory financing, commercial mortgages, construction and bridge financing, land development loans and residential second mortgages.

Present branch offices are located in Toronto, Montreal and Calgary. To better serve Canadian business requirements, Genelcan plans to continue its expansion program and open offices in other major cities across Canada.

1974 Financial summary

The comments in this Financial Summary relate to significant items appearing in the consolidated financial statements on pages 25, 26 and 27, generally in the same order as they appear in those statements. As an aid in evaluating the data in this Financial Summary, significant accounting and reporting principles and policies followed by Canadian General Electric Company Limited are printed in blue.

Consolidated Financial statements and accompanying schedules in this Report are a consolidation of the accounts of Canadian General Electric Company Limited and its subsidiary companies (all of which are wholly owned) except the sales finance subsidiaries which have been accounted for on the equity basis. The sales finance subsidiaries have not been consolidated because their operations are not considered material to those of the consolidated group. Condensed consolidated financial statements for the sales finance subsidiaries, Genelcan Limited and its subsidiary, Genelcan Realty Limited (formerly Genelco Realty Limited) are shown on page 29. All inter-company transactions and profits thereon have been eliminated in the consolidated financial statements. Transactions in foreign currencies are translated at the rate of exchange in effect at the time of the transactions and balances in foreign currencies are translated at rates of exchange in effect at the year-end dates.

Net earnings for 1974 amounted to \$26.0 million compared with prior year earnings of \$20.8 million. Earnings per common share were \$3.34 in 1974 compared with \$2.64 in 1973. Fully diluted earnings per share, assuming conversion of all convertible preferred shares were \$3.18 in 1974 and \$2.54 in 1973. The Company paid dividends of \$1.00 per share to common shareholders and \$1.25 to preferred shareholders. The year 1974 was the 45th consecutive year in which dividends have been paid to common shareholders. As of December 31, 1974, there were 1,453 voting shareholders of record.

Sales of products and services to customers are reported in operating results only as title to products and materials passes to the customer and as services are performed as contracted. Sales in 1974 totalled \$709.9 million, an increase of 22% over the 1973 level. Direct and indirect export sales in 1974 were \$60.8 million compared with \$48.6 million in 1973.

Comparative sales for each major category of business appear with the highlights of operations on page 1.

Other income amounted to \$4.6 million in 1974, an increase of \$1.4 million over 1973, and includes revenues from royalties and other technical agreements (\$1.9 million), income from customer financing (\$1.4 million), income from other investments (\$1.1 million) and net earnings of non-consolidated sales finance affiliates.

Costs and expenses are classified in the statement of current and retained earnings according to the principal types incurred.

Employee compensation, including the cost of employee benefits, amounted to \$233.6 million in 1974 compared with \$193.8 million in 1973.

Canadian General Electric and its subsidiaries have a number of pension plans. The most significant of these plans is the Canadian General Electric Pension Plan in which substantially all employees of the Company who have completed one year of service with the Company are participating and the obligations of which are funded through the Canadian General Electric Pension Trust. Condensed Pension Trust financial statements appear on page 29.

The number of employees averaged 19,193 in 1974 compared with an average of 17,890 in 1973. During 1974, 17 persons served as Company directors and 34 as Company officers, including 3 who also served as directors. The aggregate 1974 remuneration to directors for their services as directors amounted to \$28 462 and the aggregate 1974 remuneration to Company officers was \$1 830 086.

Depreciation amounted to \$18.5 million in 1974 and \$16.5 million in 1973.

The diminishing balance depreciation method, based principally on income tax capital cost allowance rates, is used to depreciate assets other than the Heavy Water Plant and certain equipment leased to third parties, which are being depreciated on a straight-line basis.

Interest and other financial charges for the year increased to \$2.7 million from \$0.6 million in 1973 as a result of both higher short-term borrowing rates and a higher level of borrowings in support of sales growth.

Provision for income taxes amounted to \$19.3 million in 1974 compared with \$16.2 million in 1973. The comprehensive inter-period tax allocation basis is used to calculate the provision for income taxes and is based on the income and costs included in the statement of current and retained earnings on page 25. The tax effect of timing differences between book and taxable income is recognized and is reflected as deferred income taxes in the consolidated statement of financial position.

continued on page 28

Consolidated statement of current and retained earnings

Canadian General Electric Company Limited and consolidated subsidiaries

| | For the year | 1974 | 1973 |
|--|--------------|------------------|------------------|
| Income | | (in thousands) | |
| Sales of products and services | | \$709 913 | \$583 414 |
| Other income | | 4 642 | 3 203 |
| | | 714 555 | 586 617 |
| Costs and expenses | | | |
| Employee compensation, including benefits | | 233 566 | 193 844 |
| Materials, supplies, services and other costs | | 409 010 | 333 574 |
| Depreciation | | 18 491 | 16 481 |
| Taxes, other than on income | | 5 474 | 5 174 |
| Interest and other financial charges | | 2 652 | 591 |
| Income taxes | | 19 319 | 16 173 |
| | | 688 512 | 565 837 |
| Net earnings | | 26 043 | 20 780 |
| Dividends declared | | 8 341 | 8 344 |
| Amount added to retained earnings | | 17 702 | 12 436 |
| Retained earnings at beginning of year | | 209 350 | 196 914 |
| Retained earnings at end of year | | \$227 052 | \$209 350 |
| Net earnings per share, fully diluted, assuming conversion of all cumulative convertible preferred shares | | \$3.18 | \$2.54 |

The Financial Summary beginning on page 24 and ending on page 29 is an integral part of this statement.

Auditors' report

To the Shareholders of Canadian General Electric Company Limited :

We have examined the consolidated statement of financial position of Canadian General Electric Company Limited and consolidated subsidiaries as of December 31, 1974 and the consolidated statements of current and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company and consolidated subsidiaries at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chartered Accountants
Toronto, Canada January 31, 1975

Consolidated statement of financial position

Canadian General Electric Company Limited and consolidated subsidiaries

| | December 31 | 1974 | 1973 |
|--|-------------|----------------|-----------|
| | | (in thousands) | |
| Assets | | | |
| Current assets : | | | |
| Cash | \$ | 1 098 | \$ 1 416 |
| Receivables | | 154 586 | 104 055 |
| Inventories | | 212 289 | 138 099 |
| Deferred income taxes | | 14 642 | 12 730 |
| | | 382 615 | 256 300 |
| Long-term investments | | 4 078 | 2 944 |
| Plant and equipment less accumulated depreciation | | 149 842 | 144 361 |
| Costs recoverable under contract | | 22 605 | 21 536 |
| Other | | 4 614 | 4 579 |
| | | \$563 754 | \$429 720 |
| Liabilities and Shareholders' Equity | | | |
| Current liabilities : | | | |
| Short-term borrowings | \$ | 29 633 | \$ 1 618 |
| Accounts payable | | 52 010 | 39 289 |
| Progress collections | | 86 861 | 26 031 |
| Dividends payable | | 1 892 | 1 893 |
| Taxes payable | | 9 889 | 10 927 |
| Other liabilities, expenses, and price adjustments accrued | | 66 711 | 51 814 |
| | | 246 996 | 131 572 |
| Deferred income taxes | | 50 326 | 49 360 |
| General reserve | | 12 300 | 12 300 |
| Capital stock | | 27 080 | 27 138 |
| Retained earnings | | 227 052 | 209 350 |
| | | \$563 754 | \$429 720 |

The Financial Summary beginning on page 24 and ending on page 29 is an integral part of this statement.

On behalf of the Board :
W. G. Ward, Director
A. S. Cartwright, Director

Consolidated statement of changes in financial position

Canadian General Electric Company Limited and consolidated subsidiaries

| | For the year | 1974 | 1973 |
|---|--------------|------------------|------------------|
| Source of funds: | | | |
| | | (in thousands) | |
| Current operations: | | | |
| Net earnings for the year | \$ | 26 043 | \$ 20 780 |
| Depreciation | | 18 491 | 16 481 |
| Increase in deferred income taxes – non-current | | 966 | 2 345 |
| | | 45 500 | 39 606 |
| Dispositions of plant and equipment | | 803 | 1 095 |
| | | 46 303 | 40 701 |
| Application of funds: | | | |
| Plant and equipment additions | | 24 775 | 14 194 |
| Dividends | | 8 341 | 8 344 |
| Increase in long-term investments | | 1 134 | 159 |
| Redemption of special employees' cumulative preferred stock | | 58 | 42 |
| Increase in costs recoverable under contract | | 1 069 | 1 467 |
| Increase (decrease) in other assets | | 35 | (1 109) |
| | | 35 412 | 23 097 |
| Net increase in working capital | | 10 891 | 17 604 |
| Working capital at beginning of year | | 124 728 | 107 124 |
| Working capital at end of year | | \$135 619 | \$124 728 |
| Analysis of Changes in working capital: | | | |
| Cash and short-term deposits | \$ | (318) | \$(12 716) |
| Receivables | | 50 531 | 17 028 |
| Inventories | | 74 190 | 16 153 |
| Short-term borrowings | | (28 015) | 7 465 |
| Progress collections | | (60 830) | (4 551) |
| Accounts payable and other accruals | | (27 618) | (12 658) |
| All other | | 2 951 | 6 883 |
| Net increase in working capital | \$ | 10 891 | \$ 17 604 |

The Financial Summary beginning on page 24 and ending on page 29 is an integral part of this statement.

| | Number of shares authorized | Number of shares Issued | | Issued Capital | | Dividends declared | |
|---|-----------------------------------|----------------------------|-----------|------------------------|----------|-----------------------|----------|
| Capital stock | | 1974 | 1973 | 1974 | 1973 | 1974 | 1973 |
| | | | | (Dollars in thousands) | | | |
| Common stock, no par value | 8 178 800 | 7 561 257 | 7 560 435 | \$ 9 651 | \$ 9 628 | \$ 7 561 | \$ 7 560 |
| Cumulative convertible preferred stock, \$28 par value | 625 000 | 617 543 | 618 365 | 17 291 | 17 314 | 772 | 773 |
| Special employees cumulative preferred stock, \$50 par value | 18 000 | 2 747 | 3 913 | 138 | 196 | 8 | 11 |
| | | | | \$27 080 | \$27 138 | \$8 341 | \$8 344 |

Receivables, less allowance for doubtful accounts, were \$154.6 million at the end of 1974, an increase of \$50.5 million or 49% from the end of 1973, principally as a result of increased sales volume during the last quarter. Amounts shown include \$7.9 million owing by affiliated companies compared with \$4.7 million owing at the end of 1973. Long-term receivables are included in other assets.

Inventories are summarized, by class, in the table below. At the end of 1974, inventories were \$212.3 million compared with \$138.1 million at December 31, 1973. At the end of 1974, the Company had orders on hand for approximately \$942 million compared with \$588 million at the end of 1973.

Inventories are valued at the lower of cost and net realizable value using the First-In-First-Out (FIFO) method except for a substantial portion of the copper and aluminum content, for which the Last-In-First-Out (LIFO) method is employed.

| Inventories | December 31 | 1974 | 1973 |
|---|-------------|----------------|-----------|
| | | (in thousands) | |
| Raw materials and work in process . . . | \$125 744 | \$ | 82 264 |
| Finished goods | 74 803 | | 52 681 |
| Unbilled shipments | 11 742 | | 3 154 |
| | \$212 289 | | \$138 099 |

Working capital (current assets less current liabilities) increased by \$10.9 million to \$135.6 million at the end of 1974. The statement on page 27 provides a summary of major sources and applications of funds as well as an analysis of changes in working capital.

Long-term investments include the Company's equity in sales finance subsidiaries (carried at cost plus undistributed earnings since incorporation) amounting to \$3.2 million at the end of 1974. Other long-term investments are valued at cost.

Plant and equipment is valued at the original cost of land, buildings, equipment and equipment leased to others, less accumulated depreciation. Details are shown in the table below. Additions to plant and equipment during 1974 were \$24.8 million and retirements were \$4.3 million, a net increase of \$20.5 million in the cost of plant and equipment. Expenditures for maintenance and repairs are charged to operations as incurred.

| Plant and equipment | December 31 | 1974 | 1973 |
|-----------------------------------|-------------|----------------|-----------|
| Major classes as of December 31 | | (in thousands) | |
| Land and improvements | \$ | 4 548 | \$ 4 429 |
| Building and structures | | 84 269 | 80 322 |
| Machinery and equipment | | 248 584 | 232 203 |
| Leasehold improvements | | 311 | 289 |
| | | \$337 712 | \$317 243 |
| Less accumulated depreciation | | | |
| Buildings and structures | \$ | 47 896 | \$ 45 749 |
| Machinery and equipment | | 139 793 | 126 945 |
| Leasehold improvements | | 181 | 188 |
| | | \$187 870 | \$172 882 |
| Undepreciated cost at December 31 | | \$149 842 | \$144 361 |

Costs recoverable under contract represents amounts receivable under terms of secured contracts with customers.

Short-term borrowings due within one year, were \$29.6 million at year-end compared with \$1.6 million at the end of 1973. Of this amount, \$1.9 million was owing to Canadian chartered banks.

Accounts payable, consisting principally of amounts owing for materials and services supplied by others, were \$52.0 million at the end of 1974 compared with \$39.2 million at the previous year-end. Amounts due to affiliates at the end of 1974 were \$21.3 million compared with \$14.2 million at the end of 1973.

Other liabilities, expenses, and price adjustments accrued were \$66.7 million at December 31, 1974 and \$51.8 million at December 31, 1973. A summary by major category appears below.

Other liabilities, expenses, and price adjustments accrued

| | December 31 | 1974 | 1973 |
|---|-------------|----------------|------|
| | | (in thousands) | |
| Employee compensation and benefits | \$19 587 | \$13 674 | |
| Employee payroll deductions | 4 763 | 3 689 | |
| Repairs and replacements under warranty | 16 040 | 14 420 | |
| Accrued discounts and allowances | 6 692 | 5 635 | |
| Deferred income | 239 | 325 | |
| Other | 19 390 | 14 071 | |
| | \$66 711 | \$51 814 | |

Capital stock of the Company is detailed in the table on page 27. The cumulative convertible preferred stock is convertible to common stock on a one-for-one basis at the option of the holder. During 1974, 822 of these shares were converted to common stock. The cumulative convertible preferred stock is entitled to an annual preferred dividend of \$1.25 per share. The special employee's cumulative preferred stock is redeemable, at par value, at the option of the employee. During 1974, 1,166 of these shares were redeemed. Under the provisions of Section 62 of the Canada Corporations Act, \$763 thousand of retained earnings is classified as capital surplus, arising from redemption of 15,253 special employees' cumulative preferred shares, pending formal reduction of capital. The special employees' cumulative preferred stock is entitled to an annual dividend of \$2.50 per share.

Contingent liabilities. The company is contingently liable under guarantee for certain bank loans amounting to \$3.1 million and notes payable by a sales finance subsidiary amounting to \$25.2 million. Other contingent liabilities, consisting of letters of credit, other guarantees, pending litigation and other claims are not material in relation to the financial position of the company.

Genelcan Limited

and its subsidiary Genelcan Realty Limited (formerly Genelco Realty Limited)

Condensed consolidated statement of financial position

| | December 31 | 1974 | 1973 |
|---|-------------|----------------|----------|
| | | (in thousands) | |
| Assets | | | |
| Cash | \$ | 126 | \$ 68 |
| Finance Receivables: | | | |
| Commercial and Industrial | | 10 003 | 2 787 |
| Leases | | 219 | — |
| Real Estate | | 18 466 | 8 249 |
| Wholesale and other | | 1 751 | 324 |
| | | 30 439 | 11 360 |
| Less: | | | |
| Unearned income | | 1 771 | 217 |
| Allowance for doubtful accounts | | 382 | 167 |
| | | 2 153 | 384 |
| Net receivables | | 28 286 | 10 976 |
| Other assets | | 362 | 113 |
| | | \$28 774 | \$11 157 |
| Liabilities and Shareholders' Equity | | | |
| Short-term borrowings | \$20 290 | | \$ 9 000 |
| Other current liabilities | 380 | | 186 |
| Long-term borrowings | 4 945 | | — |
| | \$25 615 | | \$ 9 186 |
| Capital stock | \$ 2 000 | | \$ 1 000 |
| Retained earnings | 1 159 | | 971 |
| | \$ 3 159 | | \$ 1 971 |
| | \$28 774 | | \$11 157 |

Condensed consolidated statement of current and retained earnings

| | for the year | 1974 | 1973 |
|----------------------------------|--------------|----------------|----------|
| | | (in thousands) | |
| Earned income | | \$ 2 724 | \$ 1 208 |
| Expenses: | | | |
| Operating and administrative | | 358 | 177 |
| Interest and discount | | 1 752 | 581 |
| Provision for receivable losses | | 218 | 39 |
| Provision for income taxes | | 208 | 206 |
| | | 2 536 | 1 003 |
| Net earnings | | 188 | 205 |
| Retained earnings at January 1 | | 971 | 766 |
| Retained earnings at December 31 | | \$ 1 159 | \$ 971 |

Total assets of Genelcan Limited and its subsidiary increased from \$11.2 million at December 31, 1973 to \$28.8 million at December 31, 1974, primarily through planned growth in volume of finance receivables which have a maturity of one to ten years. The Company finances its growth substantially through borrowings in the short-term money market and, while increased finance receivables provided significant growth in income, this was substantially offset in 1974 by increased costs of borrowing in this market.

Income is taken up using the Actuarial Method, modified to recognize sufficient income at the time of obtaining new business to offset acquisition costs incurred and charged to operations.

Income taxes are accounted for using the comprehensive inter-period tax allocation method described on page 24.

Canadian General Electric Pension Trust – condensed financial statement

| Operating statement | 1974 | 1973 |
|---|--------------------|-------------|
| | (in thousands) | |
| Total assets at beginning of year | \$130 654 | \$121 166 |
| Company contributions | 8 288 | 3 666 |
| Employee contributions | 3 606 | 2 865 |
| Dividends, interest and sundry income | 8 152 | 6 945 |
| Unrealized investment appreciation recognized | — | 1 344 |
| Capital gains (losses) | (1 101) | 918 |
| Pensions paid | (6 844) | (6 250) |
| Total assets at end of year | \$142 755 | \$130 654 |
| Financial position | December 31 | 1974 |
| | | |
| | (in thousands) | |
| Investments | \$129 662 | \$121 438 |
| Other assets (net) | 13 093 | 9 216 |
| Total assets | \$142 755 | \$130 654 |

Based on an independent actuarial valuation, there was no unfunded liability at December 31, 1973. Unfunded past service liabilities of the Pension Trust, estimated to be \$11.6 million at December 31, 1974, resulted from significant plan improvements made in 1974 and are being amortized over a sixteen year period from the date of the improvements. The cost of Pension Trust assets exceeded market value at December 31, 1974 by \$2.6 million whereas market exceeded cost by \$17.9 million at the end of the previous year.

Investments of the Pension Trust are carried at cost. In recognition of the long-term nature of actuarially determined pension liabilities, a programmed portion of prior years' unrealized appreciation on equities has been included in other assets (no adjustment of this recognition has been made for the temporarily depressed market conditions at December 31, 1974). This accounting reflects long-term market trends with the objective of adding to cost over time such amounts as will result in a common stock book value of approximately 75% of market value.

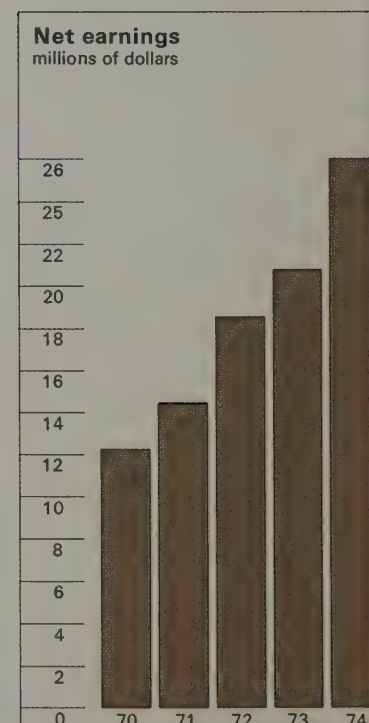
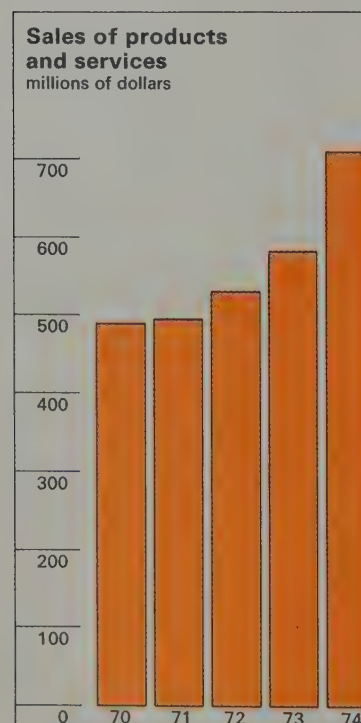
The actuarial funding program uses 6% as the estimated rate of future income.

Ten year summary

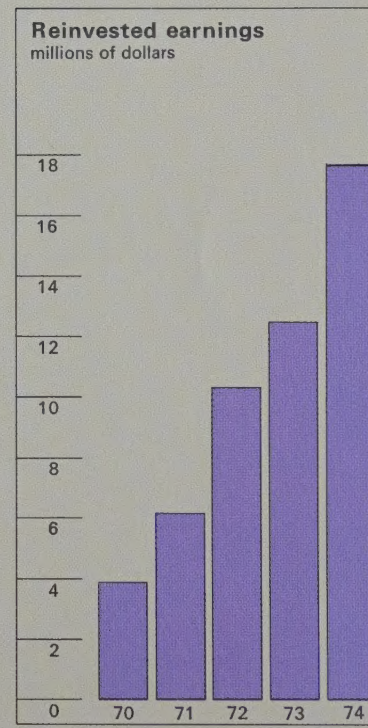
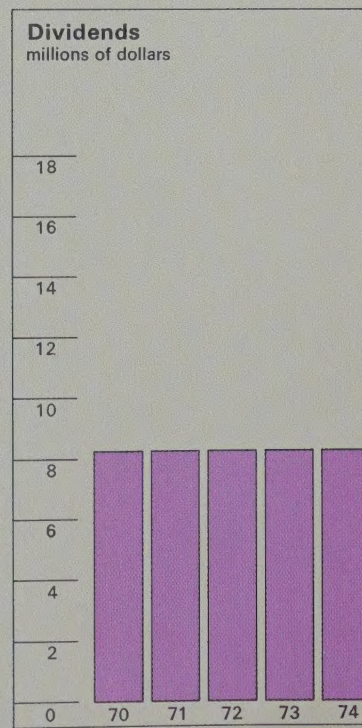
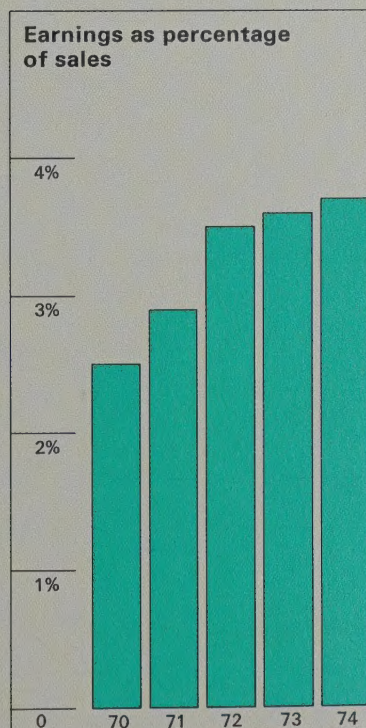
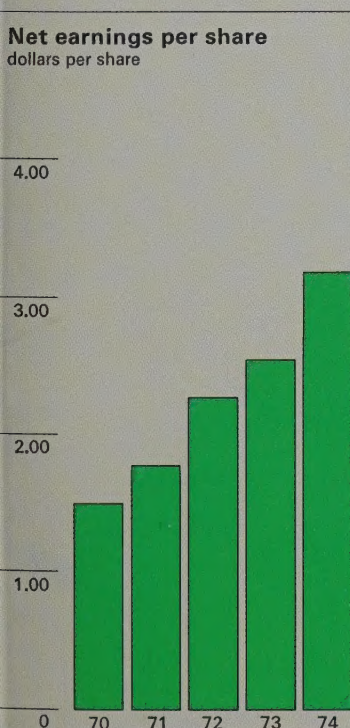
| (Dollar amounts in thousands ; per share amounts in dollars) | 1974 |
|--|-----------|
| Sales of products and services | \$709 913 |
| Net earnings | 26 043 |
| Net earnings per share (a) | 3.18 |
| Earnings as percentage of sales | 3.7% |
| Market price of last sale of the year : | |
| Per common share | \$20.00 |
| Per cumulative convertible preferred share | \$18.00 |
| Cash dividends declared : | |
| Per common share | \$1.00 |
| Per cumulative convertible preferred share | 1.25 |
| Current assets | 382 615 |
| Current liabilities | 246 996 |
| Total assets | 563 754 |
| Plant and equipment additions | \$24 775 |
| Depreciation | 18 491 |
| Provision for income, property, and capital taxes | 24 793 |
| Average number of employees | 19 193 |

(a) Assuming cumulative convertible preferred shares converted to common shares.

Five Year Summary



| 1973 | 1972 | 1971 | 1970 | 1969 | 1968 | 1967 | 1966 | 1965 |
|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 583 414 | \$530 174 | \$495 755 | \$489 992 | \$492 341 | \$454 674 | \$427 363 | \$415 879 | \$365 992 |
| 20 780 | 18 554 | 14 456 | 12 209 | 15 701 | 14 630 | 14 531 | 18 453 | 16 575 |
| 2.54 | 2.27 | 1.77 | 1.49 | 1.92 | 1.79 | 1.77 | 2.25 | 2.02 |
| 3.6% | 3.5% | 2.9% | 2.5% | 3.2% | 3.2% | 3.4% | 4.4% | 4.5% |
| \$26.50 | \$32.00 | \$28.00 | \$19.50 | \$24.50 | \$33.50 | \$33.00 | \$45.00 | \$52.00 |
| 26.00 | 32.50 | 27.00 | 24.00 | 27.50 | 34.00 | 33.00 | 44.00 | 51.50 |
| \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 | \$1.00 |
| 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| 256 300 | \$233 667 | \$240 943 | \$253 379 | \$256 127 | \$241 028 | \$244 962 | \$233 849 | \$193 132 |
| 131 572 | 126 543 | 141 864 | 149 819 | 161 007 | 132 139 | 128 266 | 120 713 | 89 485 |
| 429 720 | 409 951 | 412 918 | 409 922 | 417 818 | 381 040 | 354 315 | 319 379 | 271 127 |
| \$14 194 | \$15 042 | \$16 712 | \$18 320 | \$40 351 | \$45 349 | \$36 431 | \$20 988 | \$20 569 |
| 16 481 | 17 241 | 12 615 | 13 374 | 13 849 | 13 382 | 12 583 | 11 001 | 9 166 |
| 21 347 | 20 617 | 14 845 | 14 641 | 17 343 | 18 168 | 16 735 | 21 853 | 19 606 |
| 17 890 | 17 583 | 17 950 | 19 789 | 21 268 | 20 866 | 21 749 | 21 066 | 18 905 |



Canadian General Electric Company Limited

Head Office

214 King St. West, Toronto, Ont.

Active consolidated subsidiaries

Amalgamated Electric Corporation, Limited
Dominion Engineering Works Limited
Dominion Engineering Company Limited
Genelcom Limited
Montreal Armature Works, Limited
W. L. Stevens Ltd.

Active non-consolidated subsidiaries

Genelcan Limited
Genelcan Realty Limited

Auditors

Peat, Marwick, Mitchell & Co., Toronto, Ont.

Transfer Agent and Registrar

National Trust Company, Limited, Toronto, Ont.

Officers

*Chairman of the Board
and Chief Executive Officer*
Walter G. Ward

President

Alton S. Cartwright

Vice Presidents

Stanley R. Adamsön
William R. C. Blundell
Douglas R. Brown
Victor L. Clarke
L. Robert Douglas
Max Drouin
Ivan R. Feltham, Q.C.
Robert N. Fournier
Robert T. E. Gillespie
Alfred M. Hurley
Archibald F. Johnston
Richard C. Johnston
Francis Moskal
D. Forrest Rankine
Reginald D. Richardson
William D. Rooney
Chester A. Rose
Robert Story
Robert S. Thompson
Alan G. Trites, Q.C.

Secretary

Alan G. Trites, Q.C.

Assistant Secretaries

James K. Ashman
Phyllis Edge
Ivan A. Grantham
George W. Harrigan

Treasurer

William J. Briggs

Controller

V. Gerold Stafl

Symbolic of the nuclear electric era, this fuelling machine is for Ontario Hydro's Bruce Nuclear Generating Station. Six of these machines, designed and built at the Peterborough plant, are being supplied to the station.

